

## ADMINISTRATION TEAM MINUTES

**Date:** May 16, 2003  
**Time:** 9:00 am  
**Place:** Tacoma AGC Building

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<b><u>Attending:</u></b>	Cathy Arnold	<input checked="" type="checkbox"/>	Ann Hegstrom	<input type="checkbox"/>	Mark Rohde	<input checked="" type="checkbox"/>
	Dave Banke	<input checked="" type="checkbox"/>	Ron Howard	<input checked="" type="checkbox"/>	Larry Schofield	<input checked="" type="checkbox"/>
	Jerry Brais	<input checked="" type="checkbox"/>	Carl Jonasson	<input type="checkbox"/>	Mark Scoccolo	<input checked="" type="checkbox"/>
	Jeff Carpenter	<input type="checkbox"/>	Brian Nielsen	<input checked="" type="checkbox"/>	Bill Senta	<input checked="" type="checkbox"/>
	Doug Ficco	<input checked="" type="checkbox"/>	Tina Nelson	<input checked="" type="checkbox"/>	Greg Waugh	<input type="checkbox"/>
	Paul Gonseth	<input checked="" type="checkbox"/>	Cathy Nicholas	<input checked="" type="checkbox"/>	Tom Zamzow	<input type="checkbox"/>
	Mike Hall	<input checked="" type="checkbox"/>				

**Opening:** The minutes of the April 11<sup>th</sup> meeting were approved.

Visitors today were Joe Sloan, State Attorney General's Office, Greg Walsh, Parker, Smith and Feek (Insurance Broker) and Bill Henselman, WSDOT Risk Manager. Also visiting (and subbing for Greg Waugh) was Kuney vice-president Karsten Olson.

### **Quality Roundtable**

Larry Schofield reports that Local Programs is processing a flood of projects, mostly small. His office is pursuing the development of a Design Matrix for locals, similar to what WSDOT uses. The Bridge Committee has selected projects for Federal Bridge replacement money for this year.

Jerry Brais says that King County has a lot of work out, mostly smaller jobs. They are expecting to advertise some major work in the next month, 277<sup>th</sup> on SR 167 and 124<sup>th</sup> Street in Kirkland.

Bill Senta is celebrating Atkinson's successful bid on the Downtown Bellevue project on SR 405.

Dave Banke reports that Mowat's work is progressing well. He mentioned the Lynnwood Park & Ride, the SE 8<sup>th</sup> project and the bidding work on SR 18 and SR 900 (Issaquah).

Cathy Arnold says that Northwest Region is working on manpower projections to respond to the new nickel funding package. She announced that the I-90 on-ramp from 4<sup>th</sup> Avenue will be

closed permanently next Wednesday, to be replaced in five months by a new ramp at Atlantic Street.

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### **Quality Roundtable (cont)**

Paul Gonseth described work in the South Central Region. There's a lot of paving on SR 12 in the Tri-Cities area and work has started on the Yakima River Bridge in Pasco. Paul's job on I-90 pavement panel repair is targeted for completion by Memorial Day. South Central got two big jobs from the new funding. They are the Vantage Hill Climb Lane and the Elk Heights added lane. The Elk Heights job is off the shelf and is done in Metric.

Tina Nelson is back for her second stint on this team. She is now the Construction Manager in Tacoma, responsible for building contracts as well as streets and sewers. Her big project right away is a new police facility, worth \$40 Million. Tacoma is looking at a few large arterial jobs and, possibly, the "D" Street overpass.

Mike Hall says Goodfellow Brothers is working mostly in private work these days. They are with Quadrant on the Redmond Ridge, involved in development of 1,500 homes. Their Sacramento office is very busy, as the economy in central California seems to be booming.

Mark Rohde notes that the Tacoma Seismic retrofit job and the Northgate bridge work are nearly complete. Concrete Barrier has been successful bidding a seismic job in Kalispell, Montana and was very low on the Puyallup River Bridge repair in Tacoma.

Brian Nielsen says that construction work in his office is very slow right now. He has one contractor working one crew. Better times are coming, however, with Mowat the low bidder on the Aurora Bridge and new jobs at a pedestrian crossing of Aurora at Galer and ramp work at Northgate and 175<sup>th</sup> Street.

Cathy Nicholas announced that the Bush Administration has presented the reauthorization of TEA-21. This package is SAFE-T-21 and contains an emphasis on safety and environmental streamlining. It has increased funding and eliminates the waiver of tax on gasohol. Cathy noted that this is a proposal to Congress and that final action could be a year or more away.

Doug Ficco says that work is going well on the Lewis-Clark bridge in Longview. Other work, safety improvements, city work along SR 14 and the reconstruction of SR 503 through Battleground is going well. As a result of the new funding package, a big job on SR 5, Salmon Creek to I-205 and an Interchange on SR 500 near the Region Office are getting started. The new money includes a lot of railroad work. The biggest rumor is a multi-billion dollar effort to rebuild the I-5 bridge over the Columbia River.

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### **Quality Roundtable (cont)**

Karsten Olson, pinch-hitting for Greg Waugh, commented that the Lewis-Clark job has had startup difficulties, but is starting to move now. He described the Kuney Design-Build project in LaGrande, Oregon, where the company will obtain permits, produce a design and build four bridges in two years.

Ron Howard noted that the Construction Office is looking for three new people to fill vacancies. He is hopeful that Jeff Carpenter will rejoin the team in midsummer.

### **Old Business—Traffic Control, Section 1-10**

Ron noted that thirteen of the sixteen trial jobs have been awarded.

### **Old Business—Progress Schedules**

The team went back to work on the list of interest areas. A new subject was added, but no re-prioritization was accomplished.

1. CPM Schedules and submittals
  2. Updates and Revisions to Schedules
  3. Time Extensions
  4. Schedule Tracking
  5. Weekly Statements
  6. Pay Item for Schedule Efforts
  7. Mini-Schedules, Look-Aheads
  8. Variable Start Date Jobs (initial 60-day schedule)
  9. Use of Specified Software
  10. Schedule for Closeout Work
  11. Suspensions
  12. Resource-Loaded Schedules
  13. Use of Calendar Dates
- Early-Completion Schedules (not prioritized)

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## New Business—Insurance

## [Download Insurance Forms](#)

The team spent two hours in a lively discussion with our three guests about contract insurance.

Greg Walsh introduced the subject of cyclic patterns of cost in the insurance industry and passed out a graph demonstrating this. We are in a period of high costs and restrictive provisions right now and that is affecting contractors quite a lot. Insurers rely on underwriting profits and investment returns for their income. Today, neither is doing very well and the companies are experiencing losses. In addition to higher rates and tougher conditions, this has also resulted in consolidation of the industry and less competition.

Greg said that he has reviewed WSDOT specifications and finds them fair. In general, insurance provisions are acceptable to the industry except where the owners try to dictate terms and conditions by imposing self-written endorsements with requirements that are uncomfortable for the underwriters.

We typically require three kinds of insurance on our standard spec jobs. The first is OCPI, Owners' and Contractors' Protective Insurance. This is project specific, names the agency as the insured and covers acts of the owner. It could be viewed as WSDOT's policy. The second is the Commercial General Liability Insurance. This is the Contractor's policy. The third standard insurance is the Commercial Automobile Coverage, which is the Contractor's policy and names WSDOT as also insured.

In addition, for special cases, we sometimes require additional insurance for a railroad company and may, in some high-risk situations, require a Builder's Risk policy that also covers WSDOT. In a Builder's Risk provision, we are transferring the risk of Force Majeur and Public Enemies back to the Contractor (effectively overrules 1-07.13).

OCPI is a recent addition (1995) designed to avoid the possibility of erosion of the Contractor's CGL policy. With the aggregate limit on the CGL policy, it would be possible to sustain a covered incident and find out that there is no coverage because the aggregate was reached on some other project. This won't happen with OCPI, which is project-specific. OCPI is priced on a project by project basis. CGL, on the other hand, is typically an ongoing policy between the Contractor and the Insurance Company. There are provisions for jobs less than \$100,000 for dropping the OCPI coverage.

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### **New Business—Insurance (cont)**

The Contractor's operations, safety program and claims history will affect the amount of premium paid. Therefore, a contractor can gain a bidding advantage by working safely.

Even with the OCPI, the State is not covered for its own design errors. In this event, the State is self-insured and covers the damage without the insurance in the contract. (Big factual issues in determining that the problem came from the design.)

After all of the discussion, the team started identifying areas of possible review and discussion. Without prioritization, these are the issues identified so far:

1. Raise the level of the OCPI. The fact is, that when the OCPI is exceeded, then the Contractor's CGL will kick in. This will cause a poor claim record and higher cost for the Contractor.
2. Have the State buy its own OCPI.
3. Explore the use of deductibles.
4. Explore the content of insurance certificates.
5. Require a copy of the policy be submitted.
6. Accommodate a variable OCPI amount, depending on the project.
7. Raise the \$100,000 threshold for no OCPI.

Next month the discussion will continue.

### **Future Meetings**

June 6<sup>th</sup>, 2003 @ Tacoma AGC (9:00 am)  
September 12<sup>th</sup>, 2003 @ To be determined  
October 17<sup>th</sup>, 2003 @ To be determined  
November 14<sup>th</sup>, 2003 @ To be determined  
January 16<sup>th</sup>, 2004 @ To be determined

### **Assignment List**

Who  
(none)

What

By When

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### **Team's "Round Tuit" List**

1. Traffic Control Provisions
2. Progress Schedules
3. Short-term Scheduling
4. Insurance Cost/Reimbursement
5. Tort Claims Liability/Accident Reports
6. Bid Item for On-site Overhead
7. Disputes Review Boards
8. Section 1-08.8, p5.c—Extensions for Quantity Overruns?
9. Joint Training—Documentation
10. Payroll, Wage Administration procedures
11. Materials on Hand provisions
12. Web-Based Construction Management